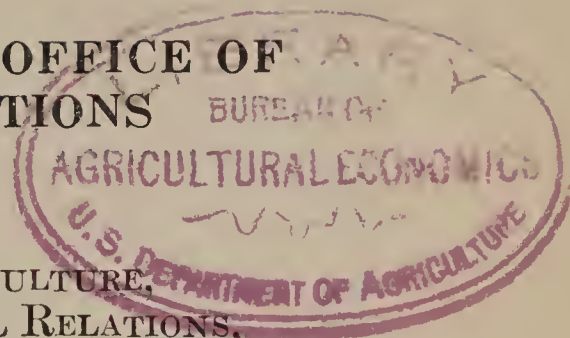


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

1
F752
MAR 11 1941

REPORT OF THE DIRECTOR OF THE OFFICE OF FOREIGN AGRICULTURAL RELATIONS



UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF FOREIGN AGRICULTURAL RELATIONS,
Washington, D. C., August 30, 1940.

HON. HENRY A. WALLACE,
Secretary of Agriculture.

DEAR MR. SECRETARY: I present herewith the report of the Office of Foreign Agricultural Relations for the fiscal year ended June 30, 1940.
Sincerely yours,

L. A. WHEELER, *Director.*

INTRODUCTION

Outstanding developments that affected the work of the Office of Foreign Agricultural Relations during the fiscal year 1939-40 were the outbreak of war in Europe and the increased attention to relations between the United States and other American republics.

These developments caused significant changes in the character and emphasis of the work. They required special attention to the effect of the European war on our agricultural export trade, and led to important reorganizations in the staff of the Office for the purpose of making the contribution of this Department more effective in the general program of the United States Government in the field of inter-American relations.

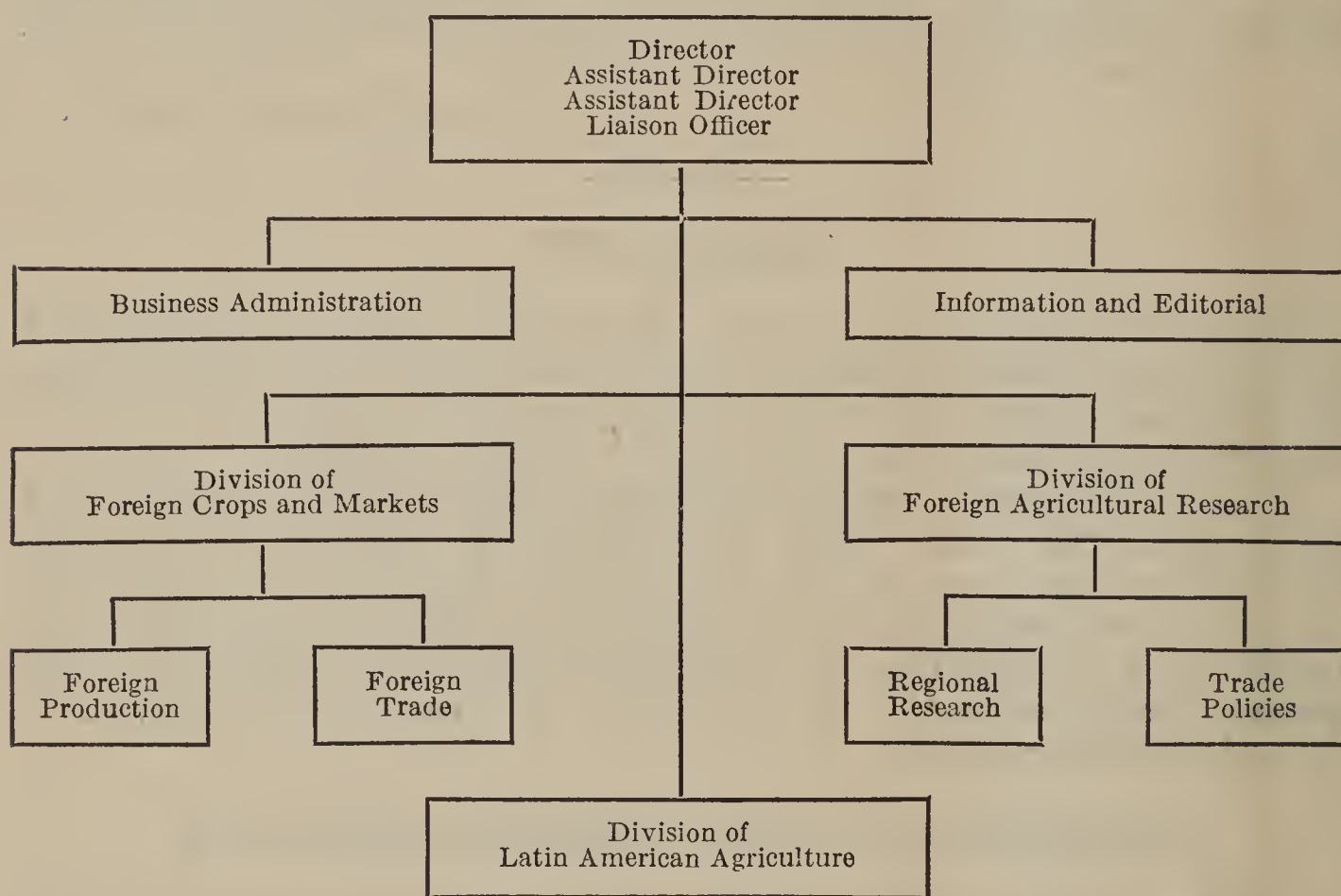
THE EUROPEAN WAR AND AMERICAN AGRICULTURE

American farmers have a tremendous interest in the outcome of the war. For generations the development of industries and the growth of population in western Europe have provided the United States with its chief export market for farm products, which have traditionally predominated in the United States exports to the European countries. Although in the course of time the United States became a net exporter also of manufactures, the bulk of our industrial exports has gone to countries less industrially mature. In the years preceding the war, Europe's takings of our nonagricultural products amounted to a third of our exports while two-thirds went elsewhere. With agricultural products, however, the proportions were reversed; two-thirds of all our farm exports still went to Europe—one-third to Great Britain, and the other to the continent—while the remaining third was distributed variously throughout the rest of the world.

DEMAND FOR UNITED STATES PRODUCTS REDUCED

Memories of the World War of 20 years before were still fresh when war returned to Europe in 1939. In the minds of many there were expectations of a return of the great export demand and the price conditions of the earlier war. These expectations, of course, have not been and could not be realized. On the contrary, this war has brought on serious reductions in the demand for our agricultural products for export. Certain special circumstances, it is true, combined to lift a few products—among them cotton—substantially above the figures of the year before. But if cotton is excluded in the first year of the war, our farm exports declined about 25 percent from the relatively low level of the previous year. In cotton the depressing force of the war on trade has only begun to be felt.

OFFICE OF FOREIGN AGRICULTURAL RELATIONS



So tremendous and so abrupt have been the recent changes in our agricultural export trade that there may be some doubt with respect to our appreciation of their full significance. At the outbreak of the war, Central Europe, representing about 7 or 8 percent of our total foreign agricultural market, was at once cut off, but increased buying of a number of products by Great Britain and some of the neutral countries tended for a little while to sustain the total of our trade and to obscure our losses. Nevertheless, with the march on Finland, the successive occupations of Denmark, Norway, Holland, Belgium, and most of France, and finally with the entry of Italy into the war and the virtual closing of the Mediterranean, the situation from the American standpoint has grown steadily worse. The continent of Europe, for all practical purposes, is now inaccessible. More than that, its chief markets, whether for the time being or for all time, have been

cut away from the world of competitive trade as this and earlier generations have known it.

In all Europe, there remains to us as an export market little more than the United Kingdom. But Britain in this war has not afforded a market for the quantities of our farm products which we had become accustomed to sell in peacetime, to say nothing of the quantities which she took in the World War. Threatened by sea and air, and compelled to defend long lines of communications, Britain has found it necessary to support the economies of the Dominions which, on their side, are giving her military support. Unable to pledge its credit for its agricultural purchases in this country the British nation, though itself cut off from continental European sources of its food supply, has been forced to conserve its dollars for the purchase of war materials. The consequence is that the outlet for practically every farm product which this country normally ships to the British Isles has been greatly narrowed. In the case of some products, such as fresh fruits, it has been entirely closed.

In cooperation with the action agencies of the Department of Agriculture and with the Department of State, the Office of Foreign Agricultural Relations has endeavored by all appropriate means to assist in maintaining agricultural exports at the highest level possible under existing limitations. Nevertheless, it seems clear that, if present conditions continue, further serious declines in our farm exports must be anticipated.

PROBABLE POST-WAR DEVELOPMENTS

By commodity loans, surplus disposal programs, and otherwise, the first blow of our lost exports has been softened for farmers. The facts, however, do not warrant a feeling of satisfaction regarding future prospects. One of the most portentous aspects of the war picture is the position in which American agriculture may be left in the years after the war has ended. In greater or less degree, accumulated wealth in the European importing countries is being dissipated in the war. The recovery of purchasing power may therefore be a long and laborious process.

It is not improbable that the belligerent countries will retain many of the barriers employed to put their economies on a war basis. Such action would, of course, tend to perpetuate the present displacements of trade. Diverted by the war from its usual channels, much of the international trade which still remains is cutting its way into new courses. Moreover, in some commodities, such as bacon and lard, competitive foreign production is actually being stimulated by the wartime diversions of trade. In other cases, surpluses are rising abroad which eventually may flow into world markets in competition with our own. United States agricultural exports are thus confronted not only with wartime handicaps but with the longer-time problem of adjusting themselves to the limitations of what appears likely to be a profoundly changed world environment.

It seems probable, however, that this war will conclude, as did the last, with supplies of food and clothing in parts of Europe seriously reduced or even exhausted. National policy probably will then have to concern itself with the use of accumulated farm surpluses in the United States to relieve human distress and contribute to the physical and economic reconstruction of our overseas customers. It is impossi-

ble as yet to foresee the moment when a termination of the war will bring this question squarely before us.

It is conceivable, on the other hand, that developments in the food situation may hasten the progress of the war to its end. Because of the importance of the food and feed situation, particularly of continental Europe, the Office has tried to keep as well informed as circumstances would permit regarding current developments. This has been done not only through the summarization of current information, but also by means of more basic statistical studies of self-sufficiency in individual European countries under the more normal conditions of peacetime. From time to time statements on the current food situation in Europe have been issued as information of public interest.

Extensive studies have also been made of the wartime control measures and policies affecting production, imports, exports, and consumption as they relate to competition and demand in a number of the more important countries of Europe. The means by which these controls have been effected, such as, for example, the licensing of imports or consumption, the allocation of shipping, the fixing of maximum or minimum prices or the nationalization of supplies have been observed. Although conditions in Europe have not permitted studies to be made on the ground, a number of basic studies of agricultural production, organization, and potentialities have been carried to completion and published.

INTER-AMERICAN RELATIONS IN AGRICULTURE

The role of the Department of Agriculture in the field of inter-American cooperation lies chiefly in the assistance it can give, directly or indirectly, to the other American republics in the development of complementary agricultural production. In the long run, effective inter-American cooperation will depend upon the expansion of United States-Latin American trade. This expansion, in turn, will depend upon the development in Latin America of products which are needed in the United States. Encouraging production potentialities along these lines already have been revealed. One major reason for their present subnormal development has been the lack of technical investigation and research. Definite steps have been taken to remedy this situation. These include the sending of departmental survey parties into the Latin American field and the loan of specialists to countries interested in increasing their output of complementary products.

A number of important agricultural commodities now are produced within the Americas in quantities which are far in excess of the existing Western Hemisphere requirements, and the war has greatly reduced the overseas markets for these products. There are two approaches to the alleviation of this situation.

One approach is through an increase in the consumption of such products within the Hemisphere, possibly through the inauguration of intensive inter-American relief distribution similar to that which already exists in the United States and some of the other American republics.

Another approach is through international commodity arrangements, the object of which would be to reduce future supplies of these products more nearly to the level of the existing demand. An example

of the latter is the progress made during this last fiscal year toward such an arrangement with respect to coffee.

Three of the 20 Latin American nations (Argentina, Uruguay, and Chile) and the United States lie wholly or mainly within the Temperate Zone, while 17 are for the most part tropical or semitropical. Yet a large part of the agricultural production of Latin America consists of Temperate Zone products occupying important positions in Latin American foreign trade.

One-half of the agricultural imports into the United States from Latin America, which have made up as much as 90 percent of our total imports from that region, are supplementary products, the like of which are produced in this country. This large share is partially accounted for by the fact that tropical or semitropical areas like the vast Amazon Basin in Brazil, and sections in southern Venezuela, eastern Ecuador, Peru, and Bolivia are still undeveloped. The adverse effect of the European war on Latin American exports emphasizes the importance of developing these possibilities for agricultural production in Latin America along tropical and semitropical lines, particularly in the field of products having a potential market in the United States. Inter-American agricultural cooperation has been based upon the foregoing considerations.

DEVELOPMENT OF INTER-AMERICAN COOPERATION

Although present world conditions have placed a new urgency upon the furtherance of inter-American agricultural relations, the idea of such cooperation is by no means new. For more than 40 years the Department of Agriculture has been conducting projects in collaboration with various Latin American countries. These have not been numerous, nor have they been extensive. They have served, however, to give us an insight into Latin American conditions and the obstacles to be overcome in the shaping of our relations. Some years ago it was foreseen that world events would probably force the United States to knit its economy more closely with those of the other American republics. To do this we must become better informed concerning our sister American republics in order to be in a position to cooperate with them to mutual advantage.

In recent years Congress has enacted certain legislation to facilitate these relationships. This legislation includes:

Public, No. 63, Seventy-sixth Congress, approved May 3, 1939, which authorizes the loan of experts to other American republics on request.

Public, No. 355, Seventy-sixth Congress, approved August 9, 1939, which authorizes the carrying out of the provisions of the Buenos Aires and Lima conventions.

Second Deficiency Appropriation Act, 1940, approved June 27, 1940, which provides authorization and appropriation for rubber research leading to the increased production of this strategic material in the Western Hemisphere.

Public, No. 711, Seventy-sixth Congress, approved July 2, 1940, which authorized the setting up of a scientific study center on Barro Colorado Island in Gatun Lake, C. Z.

Most significant of the recent legislation from the standpoint of this Office was that authorizing the Secretary of Agriculture to carry out a comprehensive plan for the efficient production of rubber in the Western Hemisphere, for which an appropriation of \$500,000 was made. Rubber possesses the greatest potentialities among the complementary

products adaptable to Latin America. It is a strategic material, and a vital necessity during war periods.

The function of the Bureau of Plant Industry in this project is to make surveys and conduct biological research on efficient and economical ways of growing rubber. The function of the Office of Foreign Agricultural Relations is to coordinate the rubber research of the various bureaus of the Department, other agencies of the United States Government, and agencies of the other American republics, and to encourage the commercial production of rubber in the Western Hemisphere.

Previous to the opening of this project, encouragement of the plantation rubber industry in this Hemisphere had been limited to the activities of two firms associated with the United States automobile industry. Their acreage and production, however, are so limited as to be of practically no commercial importance. After having been the cradle of the rubber industry, Latin America lost the market to the Orient. Now, through introduction of the plantation method, the industry is being revived in tropical America. In order to make this industry effective, encouragement will be given to large and small producers alike.

From a study of trade figures and from the results of the investigations already completed, it is evident that any permanent and substantial increase in trade between the United States and the other American republics must come through the increased production in Latin America of complementary commodities. In addition to rubber, these include abacá, cinchona, numerous agricultural plants yielding tropical vegetable oils, drugs, herbs, perfumes, flavoring extracts, tea, tropical fruits, and hardwoods.

What we are doing and what we may be able to do toward transferring purchases of goods now obtained in other parts of the world to the Latin-American market will constitute a considerable amount in dollar value. In 1939 the total United States imports of crude rubber, cinchona bark, abacá, kapok, rotenone-bearing roots, crude and refined camphor, tea, and cocoa approximated 235 million dollars. Imports of these commodities from Latin America, which can produce all of them, supplied only 15 million dollars of the total.

The Office has been investigating methods of developing trained workers in tropical agriculture. The Inter-Departmental Committee on Cooperation with the American Republics has approved one such method of obtaining this important technical aid—through a proposed Institute of Tropical Agriculture, to be located in one of the Latin American republics. Such an institute would provide a place for first-hand research under tropical conditions. Not only would it be instrumental in training scientific personnel needed in the development of tropical agriculture but it would bring together representatives from many of the sister American republics with the common aim of solving their economic and agricultural problems. As such, it would be a lasting medium of amity among the countries of the Western Hemisphere.

ORGANIZATION AND FUNCTIONS OF THE OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Since the creation of the Department of Agriculture in 1862, there has always been some unit charged with the securing and disseminating of information on foreign production and consumption (foreign competition and demand).

Foreign representation of the Department began in 1882, when an agent was placed in London to report on the competition offered United States agricultural exports by foreign producers of similar products. In the early 1920's foreign representation was placed on a permanent, though restricted, basis. A more effective service, however, was made possible by the passage on June 5, 1930 of Public, No. 304, Seventy-First Congress, an act creating the Foreign Agricultural Service.

The act provided for the establishment of a separate Foreign Service for agriculture, and provided specifically for the assignment of agricultural attachés to American embassies and legations abroad. At the same time the Division of Foreign Agricultural Service was established in the Bureau of Agricultural Economics. The field staff of the Foreign Agricultural Service, that is, the agricultural attachés and the assistant agricultural attachés and their assistants, comprised, in the beginning, the officers and employees formerly stationed abroad by the Bureau of Agricultural Economics. The nucleus of the Washington staff of the Foreign Agricultural Service consisted of the Foreign Section of the Division of Statistical and Historical Research.

The work of the Division of Foreign Agricultural Service was confined to securing and analyzing information in the field of foreign competition and demand. During the first few years of its existence, the Division had no significant responsibilities in the field of coordination of foreign work within the Department or in respect to action programs dealing with foreign trade.

This situation changed radically, however, with the passage of the Reciprocal Trade Agreements Act of 1934. This act specifically provided that in formulating trade agreements the President shall seek information from the Department of Agriculture. From the beginning of the trade-agreements program the primary responsibility for cooperation on the part of the Department of Agriculture has devolved upon the Foreign Agricultural Service Division and its successor organizations.

In December 1938, as a part of a general reorganization of the Department of Agriculture, the Foreign Agricultural Service Division of the Bureau of Agricultural Economics was made a separate unit, known as the Foreign Agricultural Service in the Office of the Secretary. At that time specific recognition was given to the added responsibilities of the organization in the field of foreign trade programs and policies.

On July 1, 1939, as a result of Reorganization Plan No. II, the permanent foreign office staffs of the Foreign Agricultural Service were transferred to the Department of State. The Washington staff of the Foreign Agricultural Service, however, was retained in the Department of Agriculture, as were the commodity specialists who

are subject to assignment to particular foreign countries to make specific investigations. Concurrently with the transfer of the foreign offices, the Office of Foreign Agricultural Relations was established in the Department of Agriculture. The Washington staff of the former Foreign Agricultural Service and the commodity specialists referred to above constituted the staff of this Office.

The functions and responsibilities of the Office of Foreign Agricultural Relations differed from those of the preceding Foreign Agricultural Service primarily in broadening the responsibilities for coordinating all lines of work relating to foreign trade within the Department of Agriculture and also included the responsibility for liaison with the consolidated Foreign Service of the United States. In the establishment of the Office of Foreign Agricultural Relations the Secretary of Agriculture prescribed the following specific functions:

1. To collect information on foreign agricultural production, foreign markets, foreign trade, and related matters through the Foreign Service of the United States, the International Institute of Agriculture, and other appropriate sources and to disseminate such information to all branches of the Department interested and to the public.

2. To maintain liaison with the Department of State with a view to assuring prompt and adequate reports from the Foreign Service of the United States on foreign developments of interest to the various branches of the Department of Agriculture, and to American agriculture generally.

3. To conduct specialized research and investigational work on foreign demand for American agricultural products, including such related subjects as the trends and potentialities of competitive foreign agricultural production, the nature and tendencies of foreign government policies affecting agricultural production and consumption, and general economic and financial conditions in foreign countries as they affect the demand for agricultural products.

4. To direct and coordinate the participation on the part of the Department of Agriculture in the reciprocal-trade agreements program.

5. To plan, direct, and coordinate the participation by the Department of Agriculture in the general program of cooperation between the Government of the United States and the governments of the other American republics under the terms of acts of Congress authorizing such cooperation.

In addition, the Director of Foreign Agricultural Relations, acting in a staff relationship to the Secretary, was charged with coordinating the relations of the Department of Agriculture (1) with the Department of State and other departments and agencies of the Government in questions affecting foreign trade and allied problems and policies, and (2) with foreign governments and private agencies either through the Department of State or direct.

This staff relationship requires that the Office provide personnel for representing the Department on numerous interdepartmental committees, the more important of which are the Executive Committee on Commercial Policy, the Trade Agreements Committee, the Board of Trustees of the Export-Import Bank, and various interdepartmental committees concerned with cooperation with the other American republics. The Director of the Office also serves as the Department of Agriculture member on the Foreign Service Personnel Board of the Department of State whenever matters of concern to the Department of Agriculture are under consideration.

The Office also maintains a full-time liaison officer in the Department of State for the purpose of coordinating the reporting work of the Foreign Service in respect to agricultural developments in foreign countries. During the past year this officer has assisted in the reor-

ganization of the reporting work for the Foreign Service, and provision has been made for substantial expansion in the agricultural reporting of that service. Under the revised arrangements the Department of Agriculture will receive some 3,700 reports annually on agricultural matters. These reports will normally arrive according to a definite time schedule, and copies will be distributed by the Office of Foreign Agricultural Relations to all interested bureaus and agencies of the Department.

Concurrently with the reorganization, the Office of Foreign Agricultural Relations was charged with the review of all foreign correspondence of the Department of Agriculture, as described in paragraphs 1621 and 1622 of the Department Rules and Regulations.

The organization and work of the major Divisions of the Office are described in the following pages.

DIVISION OF FOREIGN CROPS AND MARKETS

Whether the world abroad is at war or at peace, United States agriculture faces constantly the problem of adjusting production and marketing to changes in foreign competition and to the changing demand for United States products abroad. A large crop of cotton in a major exporting country, a sharp uptrend of apple production in another, a market for lard lost here but another gained there, the prospect of a world surplus of wheat exceeding any expectable demand—these are aspects of the changing picture which world agriculture presents month by month and year by year.

Foreign crop and livestock reporting is one of the oldest functions of the Office. It is now the responsibility of the Division of Foreign Crops and Markets, and particularly of the Foreign Production Section within which the work is organized on a commodity basis. The Division is also charged with compiling, collating, and analyzing data on international trade in agricultural products. This work is for the most part performed in the Foreign Trade Section and is divided between two units according to whether the data come from United States or from foreign sources. The Foreign Trade Section serves the Department also in a liaison capacity with the Foreign Trade Statistics Division of the Department of Commerce.

Bringing together the requisite information from abroad is a task for which special techniques and skills have been developed over many years. Use is made of as many dependable sources as possible: Reports of the agricultural attachés and other Foreign Service officers; data from the International Institute of Agriculture; official publications of foreign governments; and publications of statistical groups and reliable trade organizations. The new program of agricultural reporting to be undertaken by the Foreign Service of the United States will afford a more extensive coverage of crop and demand information in the foreign field than has existed heretofore. The Division does not, however, rest content with information which comes to it by mail and cable. From time to time, as circumstances indicate, it sends representatives abroad to develop an understanding of particular situations such as can be had only through close-range observation by trained commodity specialists.

For instance, Fred A. Motz, fruit specialist, made an examination of the South American fruit situation during 1939-40. The study covered production conditions and their immediate and long-term influence upon the exports of the chief producing countries, Argentina, Brazil, and Chile. It also included an appraisal of the impact of the war on export trade, particularly the tendency to divert exports from Latin America to the United States, and an investigation of the possibilities of developing United States fruit exports to the Central and South American countries by application of the seasonal-exchange principle.

Another mission was concerned with cotton. More and more the sequence of events during the past year has pointed to a necessity for some form of international cooperation to share the markets of the world and to hold world production in line with demand. Sufficient support for an international agreement to this end was in evidence by the summer of 1939 to warrant a meeting of the representatives of nearly every important cotton-producing country in the world. The outbreak of the war between the time when the meeting was arranged and the date of its convening precluded that few positive decisions could be reached. It was agreed, however, to establish in Washington an International Cotton Advisory Committee by which the association thus begun might be continued and through the secretariat of which important information might be exchanged.

P. K. Norris, cotton specialist, was temporarily designated secretary of the committee. A second meeting was held in Washington April 1, 1940, and a third meeting scheduled for October. In preparation for the future work of the committee and with the hope of contributing to a satisfactory adjustment within the Western Hemisphere, Mr. Norris visited the leading cotton-growing areas of Latin America and has participated in informal exchanges of information with officials and others interested in cotton production in Brazil, Argentina, and Peru.

In the first year of the war belligerent countries generally stopped or reduced the issuance of their statistical publications, and the supply of information obtainable by the Division declined. Yet the public interest in foreign agricultural competition and demand and in international trade increased. The Division had to cope with an increased number of requests for data, analyses, and statements, many of them from agencies of the Government that have to do with national policy and action, and many from quasi-public organizations. Many inquiries have been received also from the general public.

Besides meeting these numerous specific requests, the Division has supplied the more general demand for foreign trade information through the weekly periodical, *Foreign Crops and Markets*. This publication has been approximately doubled in size, and the contents systematically arranged by commodity sections. Data on international trade have been presented in greater detail and in more readily usable form. One important step was the completion during the year of an index of the quantity of agricultural imports into the United States and a revised quantity index of United States agricultural exports.

Semiannual reviews of the foreign trade of the United States in agricultural products instituted during the preceding fiscal year as supplements to *Foreign Crops and Markets* were enlarged and expanded. As these improved, they provided considerable data not previously available, and a more detailed analysis of conditions of general interest. A special department entitled "War Control Measures" was added to *Foreign Crops and Markets*. It summarized the agricultural aspects of blockade activities and told of laws and decrees that affected the production, imports, exports, and consumption of agricultural products in belligerent countries. *Foreign Crops and Markets* circulates in large part to the press, which draws upon it copiously. Indirectly, therefore, the publication reaches a vast number of readers.

Through the Division of Foreign Crops and Markets, the Office has continued to meet its usual recurrent responsibilities. Among these may be mentioned the contribution to the Department's annual publication, *Agricultural Statistics*, of tabulated data on foreign production and agricultural foreign trade. Contributions of analytical material relating to foreign competition and demand are also made to the annual agricultural outlook. From time to time, also, within the past year, there have been prepared a number of special analyses. Among these were statements for the Secretary's Advisory Council of the effect of the war on agricultural exports, an analysis of agricultural trade with Japan, and two extensive semi-annual reviews of agricultural foreign trade of the United States. In a series of four articles published in the *Agricultural Situation*, members of the staff reviewed the changes of the past 20 to 25 years which have overtaken world production and trade in four major export commodities—tobacco, fruit, wheat, and cotton. Four special reports were issued on production and consumption of tobacco in British India, the Japanese Empire, the Netherlands Indies, and with the leading countries of East Asia. A fifth dealing similarly with tobacco in Manchuria was made ready for publication.

In anticipation of the time when economic reconstruction will be a major task throughout the world, the Division has begun a series of basic studies on world production and international trade of a number of agricultural commodities for which few similar studies are known to have been made. These studies are intended to show the trends of production and the channels and trends of trade as they existed up to the time when wartime disorganization overtook the world's economy, and to throw light on the problems of readjustment which will have to be met in years to follow.

DIVISION OF FOREIGN AGRICULTURAL RESEARCH

The Division of Foreign Agricultural Research is organized along regional lines with the professional research staff assigned to particular geographic areas. Emphasis is placed on national or regional developments rather than on developments affecting specific commodities. The Division collects and analyzes information on world trade barriers, export aids, and other foreign government policies affecting agricultural production, consumption, and trade. Research is also conducted in respect to farm management, agricultural credit, market-

ing, and other economic phases of the agricultural industries of individual foreign countries or groups of countries. The agricultural resources of foreign countries are appraised from the standpoint of competition with and demand for American agricultural products.

The work of the Division's staff was influenced to a very high degree by the outbreak of war in Europe in September 1939. Political and economic changes were both numerous and rapid, the outstanding development being that of increased governmental control over all phases of the economies not only of the belligerents but of many of the neutrals as well.

The task of the Division was, first of all, to ascertain the extent of these changes and, second, to analyze their effect on the economy of the United States with particular reference to agriculture. Detailed studies were made of developments in a number of countries including the four major belligerents—United Kingdom, France, Germany, and Italy—as well as a number of nearby neutrals, including the Netherlands, Denmark, Sweden, Finland, Turkey, and the four agricultural exporting countries of the Danube Basin—Rumania, Bulgaria, Hungary, and Yugoslavia. These studies, with the exception of those relating to the Danubian countries, were published in *Foreign Agriculture*.

Among the outstanding studies published in connection with war developments were the following:

Wartime Control of Agricultural Trade and Production in Belligerent Countries.

British Food Control.

British Price Policy and Price Developments in Wartime.

French Wartime Control of Agriculture.

Turkish Agriculture—Changing Agro-Economic Policy.

Wartime Agricultural and Food Control in Germany.

Denmark's Agriculture as Affected by War.

Japans' Food Self-Sufficiency.

In general, the studies showed that within a few weeks after the outbreak of war governmental control of production, trade, prices, and consumption of foodstuffs and raw materials in the belligerent countries had become more extensive than at the end of the World War, and because of these controls it was necessary for the neutral countries of Europe to develop similar and almost equally extensive controls.

The general objectives of the belligerents, all of which affected United States agricultural exports adversely, were to intensify domestic production, to decrease dependence on imports through the rationing of consumption, and to prevent the acquisition of needed imports by their opponents. Furthermore, United States agricultural exports to the United Kingdom have been reduced as a result of British wartime policy which involves greater dependence on colonial and Dominion supplies. These policies also worked hardships on other agricultural exporting countries, particularly those of Latin America, and have resulted in the piling up of surpluses. Considerable attention has been devoted, therefore, to studying methods the United States might adopt in the field of hemispheric cooperation to alleviate the temporary difficulties arising out of these accumulated surpluses.

The work of the Division in the field of trade agreements was confined largely to analyzing existing agreements so as to give proper consideration to proposals for changes. Time also was devoted to the study of alternative foreign trade programs. Attention was directed to the feasibility of export subsidies, barter arrangements such as the one between the United States and the United Kingdom involving the exchange of rubber for cotton, and official arrangements with foreign governments involving disposal of surplus stocks owned or controlled by this Government. The part played by the staff of the Division in this field was primarily of an investigational and coordinating character.

Of even greater significance in the long run were the preliminary studies made in respect to conditions and methods under which international trade might be conducted after the war. The conclusions were that regardless of the victor, it is likely that a high degree of Government control of international trade will continue to exist for some years after the war, and that one of the major problems in disposing of our agricultural surpluses in the post-war period will be the lack of purchasing power in the importing countries.

Finally, the Division has had to devote increased attention to building up its information on world-trade barriers and Government policies. The volume of such information has increased several fold as the result of wartime measures adopted by nearly all of the countries of the world. In respect to such information the Division acts as a service organization for the entire Department. The nature of this work may be classified as follows:

- Gathering, classifying, and filing public documents and reports.
- Compiling and summarizing information on various types of trade barriers.
- Assisting the staff of the Office in the analysis of specific trade-barrier problems.

Because of the increasing importance of this type of information in evaluating our export prospects during the war and post-war periods, attention has been devoted to rearrangement of the files and inauguration of a system of card indexing which permits ready access to the information either on the basis of individual countries or on the basis of commodities. The information is classified as follows:

- Background information, causes and trends of trade regulations.
- General Government trade policies.
- Domestic aids and regulations.
- Currency and exchange regulations.
- Import restrictions and regulations.
- Export aids and regulations.
- Transportation and communication.
- International organizations and international agreements.

DIVISION OF LATIN AMERICAN AGRICULTURE

Both in this Department and in other agencies of the Government numerous activities relating to agriculture in the other American republics have been developed during the past year. The Division of Latin American Agriculture has evolved logically from this increased interest and enterprise with regard to Central and South America.

The major activity of the Division will concern the economic and trade phases of the Department's rubber-research program, the pri-

mary purpose of which is the increased production of rubber supplies in the Western Hemisphere. In addition, the Division will coordinate all phases of the development of other complementary agricultural products, such as quinine, abacá, insecticides, essential oils, etc. The Division will advise and cooperate with the Export-Import Bank in the various loan programs of the latter affecting Central and South American agriculture.

Contact will be maintained between the Division and the Department of State in regard to all activities of the Department of Agriculture in the other American republics. The Division has been set up so as to facilitate the furnishing of statistical and other data on the various complementary products, the production of which is to be encouraged in Latin America. It will utilize this information in urging private industry to interest itself in the commercialization of these complementary products, all of which are needed in the United States.

The supervision of the loaning of agricultural experts and scientists to the other American republics also will be among the Division's activities. Such service has been made possible through Public, No. 63 of the Seventy-sixth Congress. Under this act, Atherton Lee, Director of the Agricultural Experiment Station in Puerto Rico, and T. A. Fennell of this Office, have served, successively, since August 1938, as agricultural advisers to the Haitian Government. Their work has resulted in a number of practical recommendations, including the introduction of new complementary crops and the increased development of banana production, reforestation, and conservation.

Dr. E. N. Bressman and Paul O. Nyhus, Agricultural Attaché at Buenos Aires, made a general agricultural survey of Paraguay. Their report to the Government of Paraguay pointed out some of the hazards of increased production of such surplus crops as cotton, sugar, and tobacco; indicated the production possibilities in complementary crops such as mandioca and quebracho; and stressed the importance of improving transportation facilities and the conservation of soil and forestry resources.

Two important agricultural surveys were made this year in Ecuador and Colombia by Atherton Lee, C. L. Luedtke, and Dr. Bressman. The work in Ecuador resulted in a request from that Government for a loan to develop agricultural research leading to the increased production of complementary tropical agricultural crops. A \$50,000 loan for this activity has been granted by the Export-Import Bank. A comprehensive report on the Colombian survey has been made to the Colombian Government. This report included information on land utilization, soil conservation, forestry, national self-sufficiency, economic production, scientific research, economic investigation, education and training, agricultural extension, rural organization, agricultural census, statistics, transportation, agricultural credit, farm security, livestock, and crop expansion. It also included recommendations for complementary crops such as coconuts, sesame, palm nuts, rubber, cacao, coffee, tea, sugar, tonka beans, abacá (manila hemp), fique, pita, cinchona (quinine source), digitalis, barbasco and other insecticidal plants, bamboo, and orchids.

